

**IN THE UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
NEWNAN DIVISION**

In re:

AFH AIR PROS, LLC, *et al.*,¹

Debtors.

Chapter 11

Case No. 25-10356 (PMB)

(Jointly Administered)

**DEBTORS' OBJECTION TO CLAIM NO. 14 FILED BY
INLAND RESTORATION DBA SERVPRO OF
NORTHWEST AND SOUTH AND EAST SPOKANE**

(Reclassification of Claim)

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) submit this objection (the “Objection”) for entry of an order, substantially in the form attached hereto as **Exhibit A** (the “Proposed Order”), pursuant to sections 105 and 502 of title 11 of the United States Code (the “Bankruptcy Code”), Rule 3007 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rule 3007-1 of the Local Rules of the United States Bankruptcy Court for the Northern District of Georgia (the “Local Rules”), (i) reclassifying the purported secured claim filed by Inland Restoration dba ServPro of Northwest and South and East Spokane (“Inland”) and (ii) granting related relief. In support of this Objection, the Debtors respectfully state as follows:

¹ The last four digits of AFH Air Pros, LLC’s tax identification number are 1228. Due to the large number of debtor entities in these chapter 11 cases, a complete list of the debtor entities and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the claims and noticing agent at <https://www.veritaglobal.net/AirPros>. The mailing address for the debtor entities for purposes of these chapter 11 cases is: 150 S. Pine Island Road, Suite 200, Plantation, Florida 33324.



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JURISDICTION AND VENUE

1. The United States Bankruptcy Court for the Northern District of Georgia (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

2. Venue is proper in the Court pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory and legal predicates for the relief requested herein are sections 105(a) and 502 of the Bankruptcy Code, Bankruptcy Rule 3007, Local Rule 3007-1, and the *Second Amended and Restated General Order 26-2019, Procedures for Complex Chapter 11 Cases*, dated February 6, 2023 (the “Complex Case Procedures”).

BACKGROUND

A. The Chapter 11 Cases

4. On March 16, 2025 (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code with this Court.

5. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

6. On March 31, 2025, the United States Trustee for Region 21 (the “U.S. Trustee”) appointed an official committee of unsecured creditors (the “Committee”) in the above-captioned chapter 11 cases (the “Chapter 11 Cases”). *See Appointment and Notice of Committee of Creditors Holding Unsecured Claims* [D.I. 111].

7. No request has been made for the appointment of a trustee or an examiner.

8. On April 29, 2025, the Court entered the *Order (I) Fixing Deadlines for Filing Proofs of Claim and (II) Approving the Form and Manner of Notice Thereof* [D.I. 283] (the “Bar Date Order”). The Bar Date Order (a) established June 23, 2025 at 11:59 p.m. (prevailing Eastern Time) (the “General Bar Date”) as the last day for creditors that are not governmental units

to file proofs of claim, proofs of interest, and requests for payment of administrative expense claims under Bankruptcy Code section 503(b)(9); (b) established September 12, 2025 at 11:59 p.m. (prevailing Eastern Time) (the “Governmental Bar Date”) as the last day for creditors that are governmental units to file proofs of claim, proofs of interest; and (c) approved a form of bar date notice, proof of claim form, and other procedures.

9. Additional information regarding the Debtors’ businesses, capital structure, and the circumstances leading to the filing of these Chapter 11 Cases is set forth in the *Declaration of Andrew D.J. Hede in Support of Chapter 11 Petitions and First Day Pleadings* [D.I. 8].

B. The Plan and Disclosure Statement

10. On June 24, 2025, the Debtors filed the (i) *Second Amended Plan of Liquidation of AFH Air Pros, LLC and its Debtor Affiliates* [D.I. 479] (as may be further amended, supplemented, or otherwise modified from time to time, and including all exhibits thereto, the “Plan”) and *Second Amended Disclosure Statement for the Second Amended Chapter 11 Plan of AFH Air Pros, LLC and its Debtor Affiliates* [D.I. 480] (as may be further amended, modified, or supplemented from time to time, the “Disclosure Statement”).

11. On June 24, 2025, the Court entered an *Order (A) Approving the Disclosure Statement on an Interim Basis, (B) Establishing Procedures for Solicitation and Tabulation of Votes to Accept or Reject the Plan, (C) Approving the Form of Ballot and Solicitation Materials, (D) Establishing Voting Record Date, (E) Fixing the Date, Time, and Place for the Hearing on Final Approval of the Disclosure Statement and Confirmation of the Plan and the Deadline for Filing Objections Thereto, and (F) Approving Related Notice Procedures and Deadlines* [D.I. No. 477], which scheduled a hearing to consider final approval of the Disclosure Statement and confirmation of the Plan for August 6, 2025 (the “Confirmation Hearing”).

C. The Inland Claim

12. On April 4, 2025, Inland filed a proof of claim in the Debtors' cases (the "Inland Claim"), asserting a secured claim in the amount of \$40,403.20 against Air Pros Washington LLP ("AP Washington"), based on a default judgment recorded in Spokane County, Washington in February 2025. A copy of the Inland Claim is on file with the Debtors' claims and noticing agent, Verita, as Claim No. 14.

13. For the reasons set forth below, the Debtors object to the Inland Claim.

RELIEF REQUESTED

14. By this Objection, the Debtors request that the Court enter the Proposed Order, pursuant to section 502(b) of the Bankruptcy Code, Bankruptcy Rule 3007, and Local Rule 3007-1, reclassifying the Inland Claim from secured to general unsecured status, as indicated in further detail below.

BASIS FOR RELIEF REQUESTED

15. Bankruptcy Code section 502 provides, in pertinent part, that "[a] claim or interest, proof of which is filed under section 501 of [the Bankruptcy Code], is deemed allowed, unless a party in interest . . . objects." 11 U.S.C. § 502(a). The debtor has a duty to object to the allowance of any claim that is improper. See 11 U.S.C. § 1107(a).

16. When asserting a proof of claim against a bankrupt estate, a claimant must allege facts that, if true, would support a finding that the debtor is legally liable to the claimant. *See In re Allegheny Int'l, Inc.*, 954 F.2d 167, 173 (3d Cir. 1992). Where the claimant alleges sufficient facts to support its claim, its claim is afforded prima facie validity. *See id.*; *see also* Bankruptcy Rule 3001(f) (a properly executed and filed proof of claim "constitute[s] prima facie evidence of the validity and amount of the claim").

17. A party wishing to dispute a claim’s validity must produce evidence sufficient to negate the claim’s prima facie validity. *See Allegheny*, 954 F.2d at 173–74. Once an objecting party produces such evidence, the burden shifts back to the claimant to prove the validity of his or her claim by a preponderance of the evidence. *Id.* at 174; *see also Dollinger v. BV Retail, LLC (In re S&Q Shack, LLC)*, 2015 Bankr. LEXIS 1166, at *6-7 (N.D. Ga. Feb. 13, 2015); *Chambliss v. Oakwood Acceptance Corp. (In re Chambliss)*, 315 B.R. 166, 169 (Bankr. S.D. Ga. 2004). Ultimately, the burden of persuasion is on the claimant. *See In re Moss*, No. 94- 11959, 1995 WL 17005342, at *1 (Bankr. S.D. Ga. Sept. 28, 1995).

18. The Debtors have reviewed the Inland Claim, the underlying judgment, and their books and records maintained in the ordinary course of business. Based on that review, the Debtors have determined that the claim does not qualify for secured status and should be reclassified in full as a general unsecured claim.

A. The Inland Claim Is Unsecured Pursuant to 11 U.S.C. § 506(a)(1)

19. Inland asserts a secured claim based on a judicial lien stemming from a default judgment entered in Spokane County Superior Court in February 2025. The claim is asserted against AP Washington and purports to be secured by real property. However, the *Schedules of Assets and Liabilities* filed by AP Washington [Case No. 25-10366, D.I. 10] reflect that the Debtor had no assets as of the Petition Date and the May 2025 *Monthly Operating Report* [D.I. 492] filed by AP Washington confirms that AP Washington continues to have no assets.

20. Under section 506(a)(1) of the Bankruptcy Code, “[a]n allowed claim of a creditor secured by a lien on property in which the estate has an interest...is a secured claim to the extent of the value of such creditor’s interest in the estate’s interest in such property.” 11 U.S.C. § 506(a)(1). As the Supreme Court has explained, “a secured creditor’s claim is to be divided into

secured and unsecured portions, with the secured portion of the claim limited to the value of the collateral.” *Associates Commercial Corp. v. Rash*, 520 U.S. 953 (1997). Because AP Washington holds no assets, the value of Inland’s secured interest is zero, and the Inland Claim must be treated as fully unsecured.

B. Inland’s Lien Is Subordinate to Senior Secured Claims

21. In addition, the Court’s *Final Order (I) Authorizing the Debtors to Obtain Postpetition Financing, (II) Authorizing the Use of Cash Collateral, and (III) Granting Adequate Protection to Prepetition Secured Parties* [D.I. 255] (the “Final DIP Order”), grants the Debtors’ prepetition and postpetition lenders (collectively, the “Secured Lenders”) a first-priority lien on substantially all existing and after-acquired property of the Debtors, including any property to which Inland’s judgment lien may purport to attach.

22. The Plan and Disclosure Statement reflect that the value of the Debtors’ assets is insufficient to satisfy the claims of the Secured Lenders in full. *See generally* Plan and Disclosure Statement. Therefore, even assuming Inland’s lien attached to any estate property, it is junior to the first-priority lien of the Secured Lenders and wholly unsecured under section 506(a)(1).

23. If the Inland Claim is not reclassified, the claimant would receive treatment inconsistent with the Bankruptcy Code’s priority scheme. Misclassification of claims may lead to disproportionate recoveries and reduce distributions available to similarly situated unsecured creditors. In this case, reclassification will ensure that all creditors receive treatment aligned with the nature of their claims under the Plan.

24. Accordingly, the Debtors object to the secured status of the Inland Claim and respectfully request entry of the Proposed Order reclassifying Claim No. 14 as a general unsecured claim in the amount asserted as of the Petition Date.

RESERVATION OF RIGHTS

25. The Debtors reserve all rights to amend, modify, or supplement this Objection and the Proposed Order, and to file additional objections to any claims filed in these Chapter 11 Cases. The Debtors further reserve all rights, claims, and defenses with respect to any and all claims, including the claim addressed herein. Nothing in this Objection or the Proposed Order shall be deemed to impair, waive, or otherwise limit any such rights, claims, or defenses, all of which are expressly preserved.

NOTICE

26. The Debtors will provide notice of this Objection to the following parties or their respective counsel, if known: (a) the Office of the U.S. Trustee for the Northern District of Georgia, (b) the Committee; (c) the Debtors' prepetition and postpetition lenders and collateral agent; (d) the Limited Service List; (e) Inland; and (f) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

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CONCLUSION

WHEREFORE, the Debtors request that the Court enter the Proposed Order granting the relief requested herein and such other relief as is just and proper under the circumstances.

Dated: July 3, 2025

Respectfully submitted,

GREENBERG TRAURIG, LLP

/s/ David B. Kurzweil

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Counsel for the Debtors and Debtors in Possession

CERTIFICATE OF SERVICE

I hereby certify that all ECF participants registered in these cases were served electronically with the foregoing Objection through the Court's ECF system at their respective email addresses registered with this Court. The Debtors' claims and noticing agent will be filing a supplemental certificate of service on the docket to reflect any additional service of the foregoing document via first-class mail, including the notice parties enumerated in the Objection.

Dated: July 3, 2025

GREENBERG TRAURIG, LLP

/s/ David B. Kurzweil

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Counsel for the Debtors and Debtors in Possession

Exhibit A

Proposed Order

**IN THE UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
NEWNAN DIVISION**

In re:

AFH AIR PROS, LLC, *et al.*,²

Debtors.

Chapter 11

Case No. 25-10356 (PMB)

(Jointly Administered)

Re: Docket No. ____

**ORDER SUSTAINING DEBTORS' OBJECTION TO CLAIM NO. 14
FILED BY INLAND RESTORATION DBA SERVPRO OF
NORTHWEST AND SOUTH AND EAST SPOKANE**

Upon the *Objection to Claim No. 14* filed by *Inland Restoration dba ServPro of Northwest and South and East Spokane*, dated July 3, 2025 [D.I. [•]] (the “Objection”)³ filed by the above-captioned debtors and debtors in possession (collectively, the “Debtors”), for entry of an order

² The last four digits of AFH Air Pros, LLC’s tax identification number are 1228. Due to the large number of debtor entities in these chapter 11 cases, a complete list of the debtor entities and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the claims and noticing agent at <https://www.veritaglobal.net/AirPros>. The mailing address for the debtor entities for purposes of these chapter 11 cases is: 150 S. Pine Island Road, Suite 200, Plantation, Florida 33324.

³ Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Objection.

(this “Order”) reclassifying the Inland Claim; and the Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and the matter being a core proceeding within the meaning of 28 U.S.C. § 157(b)(2); and venue of this proceeding and the Objection in this District being proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court being able to issue a final order consistent with Article III of the United States Constitution; and it appearing that due and adequate notice of the Objection has been given under the circumstances; and the Court having reviewed the Objection and having heard the statements in support of the relief requested therein at a hearing before this Court (the “Hearing”); and the Court having determined that the legal and factual bases set forth in the Objection and at the Hearing establish just cause for the relief granted herein; and upon the record of the Hearing, this Court having determined that there is good and sufficient cause for the relief set forth in this Order; and after due deliberation thereon, it is hereby **ORDERED** that:

1. The Objection is SUSTAINED, as set forth herein.
2. The Inland Claim is hereby reclassified from a secured claim to a general unsecured claim in the amount of \$40,403.20. The reclassified Inland Claim shall remain on the claims register as a general unsecured claim, subject to the Debtors’ or other party-in-interest’s further objections on any substantive or non-substantive grounds.
3. Nothing set forth in this Order shall be construed as, or shall in any way constitute, a waiver of the Debtors’ rights to assert objections to the Inland Claim on any additional grounds whatsoever.
4. The Debtors and their claims and noticing agent, Verita, as well as the Clerk of the Court, are authorized to take all such actions as are necessary and appropriate to effectuate the terms of this Order.

5. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

END OF DOCUMENT

Prepared and presented by:

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